

I. Major Economic Release

Upcoming Economic Release

Economic Indicator	Period	Market Survey	Prior Period
US: CPI YoY	Nov	2.20%	2.00%
US: Real Average Weekly Earnings YoY	Nov	N/A	0.40%
US: FOMC Rate Decision	13-Dec	1.50%	1.25%
Japan: Core Machine Tool Orders YoY	Oct	- 4.30%	- 3.50%
UK: Weekly Earnings YoY	Oct	N/A	2.20%

Source: Bloomberg

II. Macro News

- **China to set 2018 policies during upcoming annual economic work conference in Beijing.** China's annual Central Economic Work Conference will begin on Mon, Dec 18, during which the ruling Communist Party's economic agenda for 2018 will be mapped out, the website of Hong Kong-based Phoenix TV reported on Tues. [SCMP]
- **World economy to grow 3% in 2018 and 2019: UN report.** The world economy is expected to remain stable in 2018 and 2019 after an impressive growth rate of 3 percent in 2017, said a UN world economic prospects report launched on Monday at UN Headquarters in New York. [China Daily]
- **China said to make plans for fallout from Trump tax reform.** China's leadership is preparing plans to deal with any fallout for the nation stemming from U.S. tax changes and the Federal Reserve's expected interest-rate increases. The PBOC is prepared to use tools including interest rates, controls on the flow of money across its borders, and currency intervention to support the yuan if needed. [Bloomberg]

III. Industry News

- **China is said to approve listing Shanghai oil futures contract.** China's State Council approved listing the country's long-awaited oil futures in Shanghai, according to people with knowledge of the matter, a key step for the world's largest crude buyer to launch an international contract in its own currency. [Bloomberg]
- **China leads in shipbuilding.** Orders for China's rebounding shipbuilding industry reached the top place in the world in the past 11 months, surpassing its counterpart South Korea, according to an international industrial analysis agency. [China Daily]
- **Strong growth seen in imports.** China's imports jumped 20.9% YoY to 11.29 trillion yuan (\$1.71 trillion) during the first 11 months of the year, on the back of strong domestic demand for commodities, electrical and mechanical products, the General Administration of Customs said. [China Daily]

IV. Corporate News

- **Tencent buys stake in Chinese supermarket chain, waging war with Alibaba in new retail.** Tencent Holdings has agreed to purchase a stake in one of China's largest supermarket chains, Yonghui Superstores, in the latest move to step up the war with Alibaba Group Holding in the "new retail" battleground of online-offline shopping. [SCMP]
- **Germany's Metro pulls plug on China convenience store business after less than two years.** German retail and wholesale giant Metro AG, has closed all its convenience stores in China less than two years after setting them up, citing what it said were "drastic changes" in the business environment, including skyrocketing rents in major cities. [SCMP]

- **Chinese online retailer JD.com explores move into aviation to improve logistics.** Online retailer JD.com is exploring plans to enter the aviation sector after China's largest private courier SF Express last month bought two Boeing 747-400 freighters. [SCMP]
- **Tencent planning push into retail sector.** Chinese tech giant Tencent Holdings Ltd plans to buy a 5 percent stake in hypermarket operator Yonghui Superstores Co Ltd, Yonghui said on Monday, as part of Tencent's move to push into offline retail. [China Daily]
- **JD Logistics turns profitable.** JD Logistics said that it has achieved an annual revenue of 30 billion yuan (\$4.5 billion) and looks set to scale it up to 100 billion yuan in the next five years, with orders from third-party trading platforms accounting for nearly 50 percent of the revenue. [China Daily]
- **CPIC makes plans for expansion.** China Pacific Insurance (Group) Co Ltd just kicked off a new business strategy to facilitate its solid development, according to the group's president, He Qing. The new strategy is expected to fuel CPIC Group's ambition to be an industry leader in terms of healthy development, according to He. [China Daily]
- **Lee Shau-kee cuts 3.701mn shares of Henderson Land.** Henderson Land chairman Lee Shau-kee reduced 3.701 million shares of the company during 6-8 December 2017 at average prices of \$48.11-48.5143, involving about \$179mn, according to the disclosure of interests of the Stock Exchange. [AASocks]
- **China Resources Cement enters into \$1 billion term loan facility letter.** China Resources Cement announced that a HK\$1 billion five-year term loan facility letter was entered into by the company with a bank. [AASocks]
- **Sunny Optical Nov handset lens shipment Up 42.9% YoY to 57.269mn units.** Sunny Optical announced that handset lens shipment increased 42.9% yearly to 57.269 million units in November. [AASocks]
- **HNA Infrastructure says chairman Wang Zhen resigns.** HNA Infrastructure Co. Ltd. Chairman Wang Zhen has resigned from the post due to "work reallocation," the co. said in a filing to the Hong Kong stock exchange. Wang also resigned as an executive director, and this position will be filled by Liao Hongyu. [Bloomberg]
- **Zhenro Properties is said to premarket IPO next week.** Shanghai's Zhenro Properties plans to premarket a Hong Kong IPO of around \$500m as early as next week, IFR Asia reports, citing unidentified people familiar with the deal. [Bloomberg]
- **Prosperous Print priced at \$0.35; public offering over-subscribed by 37.87x.** Prosperous Print announced that it issued 200mn shares and received 7,878 valid applications, involving 777mb shares under the offering, representing an over-subscription of 37.87x. The stock is priced at \$0.35, the upper limit of the price range of \$0.25-0.35. [Bloomberg]
- **BlackRock expects three rate hikes from the Fed through 2018.** BlackRock expects three Fed rate hikes through 2018, and it sees central bank policy diverging, according to Gregor Carle, the head of APAC fixed income product strategy at the firm. [Bloomberg]
- **Country Garden scraps Shanghai spinoff amid scrutiny of IPOs.** Country Garden Hldgs scrapped a planned spinoff of a unit on Shanghai's stock exchange amid China's tightened scrutiny of IPOs. The planned listing of Guangdong Country Garden Property Services Co. was canceled because of a recent change in policies by Chinese authorities. [Bloomberg]
- **Tongda spinoff files pre-listing documents with HKEX.** Tongda Hong Tai, a spinoff of Tongda Group, filed pre-listing documents with the HKEX, according to filing dated Dec. 11. Tongda Hong Tai reported Jan-Aug net income of HK\$13m on HK\$351.5m revenue vs HK\$1.73m net loss on HK\$257.8m revenue for the same period last year. [Bloomberg]

V. Overnight Market Recap

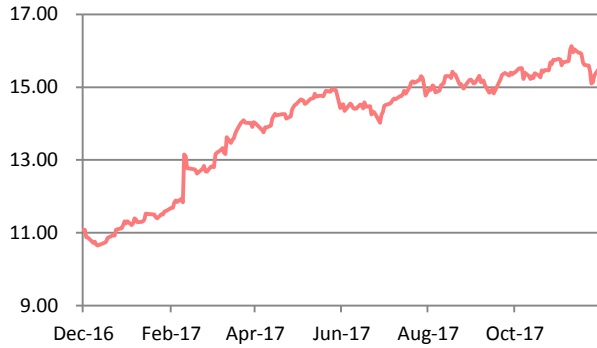
	Close	Net Chg	Chg (%)	Performance (%)						
				1W	1M	3M	6M	1Y	YTD	
US Equity	S&P 500	2,664	4.1	0.2	1.3	3.1	6.6	9.2	17.3	19.0
	Dow Jones	24,505	118.8	0.5	1.3	4.5	10.6	14.9	23.1	24.0
	Nasdaq Composite	6,862	(12.8)	(0.2)	1.5	1.5	6.2	10.3	25.6	27.5
	Russell 2000	1,516	(3.7)	(0.2)	(0.0)	2.8	6.3	6.3	10.4	11.7
	VIX Index	9.92	0.6	6.2	(12.4)	(13.7)	(5.5)	(4.8)	(22.0)	(29.3)
Europe Equity	Euro Stoxx 50	3,600	18.1	0.5	0.8	0.7	2.2	1.2	11.2	9.4
	DAX	13,184	59.9	0.5	1.0	0.8	5.0	3.3	16.8	14.8
	CAC	5,427	40.4	0.7	1.0	1.6	4.0	3.1	13.0	11.6
	FTSE 100	7,500	46.9	0.6	2.4	1.1	1.6	(0.0)	7.6	5.0
APAC Equity	HSI	28,794	(171.4)	(0.6)	(0.2)	(1.3)	3.2	11.4	28.3	30.9
	HSCEI	11,313	(119.1)	(1.0)	(1.5)	(3.2)	1.1	7.5	16.4	20.4
	HSI VIX	15.46	(0.4)	(2.5)	(6.8)	5.4	3.9	27.1	(1.7)	(8.5)
	CSI 300	4,016	(53.5)	(1.3)	(0.6)	(2.7)	4.5	12.1	17.9	21.3
	SH Composite	3,281	(41.4)	(1.2)	(0.7)	(4.8)	(3.1)	4.0	4.0	5.7
	SZ Composite	1,901	(18.6)	(1.0)	1.8	(7.0)	(4.7)	2.2	(3.8)	(3.5)
	Nikkei 225	22,866	(72.6)	(0.3)	1.1	2.1	15.0	14.8	18.7	19.6
KOSPI	2,461	(10.5)	(0.4)	(2.0)	(2.4)	4.7	4.0	21.4	21.9	
Commodities (USD)	Brent (Future)	63.34	(1.4)	(2.1)	0.8	(0.3)	16.7	31.2	13.7	11.5
	WTI (Future)	57.14	(0.9)	(1.5)	(0.8)	1.2	16.5	23.7	8.4	6.9
	Gold	1,244	2.5	0.2	(1.7)	(2.7)	(5.9)	(1.8)	7.4	8.4
	Copper (Future)	6,663	(7.0)	(0.1)	1.8	(1.8)	(0.1)	15.4	15.5	20.4
	Baltic Dry Index	1,727.00	25.0	1.5	3.7	19.5	29.2	98.5	64.2	79.7
FX	Dollar Index	94.10	0.2	0.3	0.8	(0.3)	2.4	(3.1)	(6.9)	(7.9)
	EUR	1.17	(0.0)	(0.2)	(0.7)	0.7	(1.2)	4.8	10.5	11.7
	JPY	113.55	(0.0)	(0.0)	0.8	0.1	(2.7)	(3.0)	1.5	3.0
	CNY	6.62	0.0	(0.0)	(0.0)	0.3	(1.3)	2.7	4.3	4.9
	CNH	6.63	0.0	0.1	0.2	0.4	(1.2)	2.4	4.4	5.2
CDS	ChinaGov CDS	53.73	(1.7)	(3.0)	(3.5)	(12.7)	(6.2)	(22.6)	(53.3)	(54.1)
	CDX Emerging Market	96.98	0.5	0.5	0.5	1.3	0.3	1.4	3.7	3.5

	Close	Net Chg	Chg (%)	Value						
				1W	1M	3M	6M	1Y	YTD	
US rates	3-Month Treasury Yield	1.33	0.0	3.0	1.3	1.2	1.0	1.0	0.5	0.5
	2-Year Treasury Yield	1.83	0.0	0.5	1.8	1.7	1.3	1.3	1.2	1.2
	5-Year Treasury Yield	2.17	0.0	0.7	2.1	2.1	1.8	1.7	1.9	1.9
	10-Year Treasury Yield	2.40	0.0	0.5	2.3	2.4	2.2	2.1	2.5	2.4
	2-10 Spread	56.99	0.4	0.8	52.8	72.3	83.7	79.1	130.4	125.0
China rates	O/N China Repo Rate	2.60	(0.1)	(3.7)	2.6	2.9	2.6	2.8	2.3	2.2
	1-Week China Repo Rate	2.86	(0.6)	(16.9)	2.9	3.2	3.3	3.2	2.4	2.6
	O/N SHIBOR	2.73	0.0	1.4	2.6	2.8	2.7	2.8	2.3	2.2
	1-Week SHIBOR	2.83	0.0	0.4	2.8	2.9	2.8	2.9	2.5	2.5

Source: Bloomberg

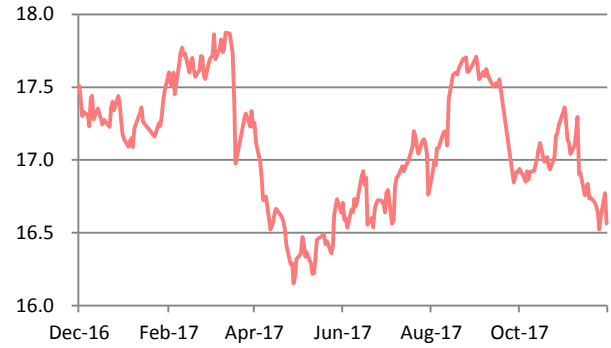
VI. Key Indicators

Hang Seng Index PE Ratio



Source: Bloomberg

Shanghai Composite Index PE Ratio



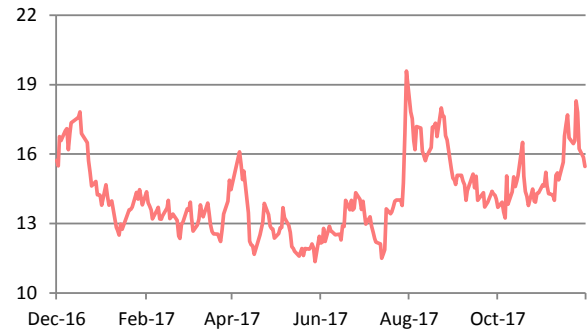
Source: Bloomberg

China 5Y CDS Index_USD



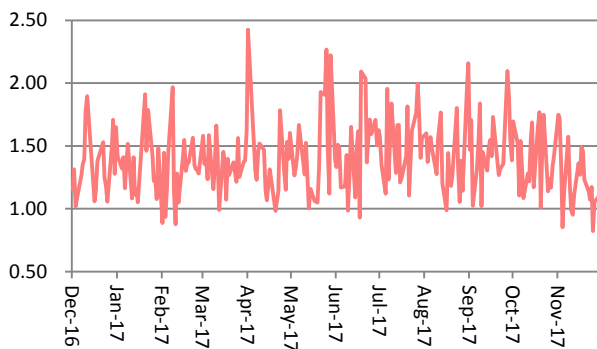
Source: Bloomberg

Hang Seng Index VIX



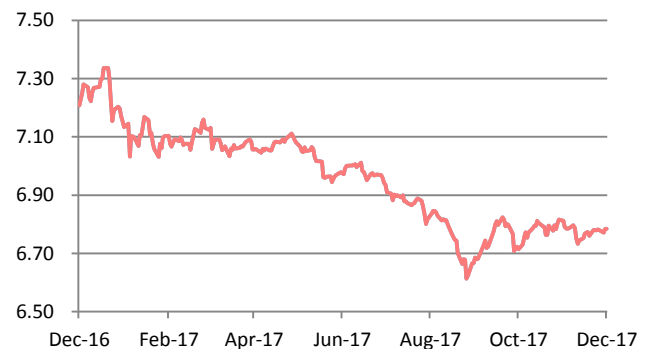
Source: Bloomberg

Hang Seng Index Put Call Volume Ratio



Source: Bloomberg

USDCNH 1Y Forward



Source: Bloomberg

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